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U.S., Despite Technology Curbs, Sees No Big Cut in Flow to Soviet

By JOEL BRINKLEY

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WASHINGTON, Dec. 31 — Despite three years of greatly increased attention, effort and expense, Reagan Administration officials acknowledge that they have not significantly reduced the flow of Western technology to the Soviet Union.

In fact, enforcement officials say they have now concluded that the meth-

First of two articles on the control of strategic exports.

ods of smuggling high technology are so varied, and the illegal business so lucrative, that all the United States can ever hope to do is slow the transfer of technology to the East.

Soon after President Reagan took office, senior officials decried "the massive hemorrhage" of high technology to the Soviet Union and other Eastern bloc nations. Mr. Reagan said that stanching the flow was one of his Administration's most important priorities.

More Interceptions

Three years later, the Government has hired hundreds of new enforcement officers and has added tens of millions of dollars to the enforcement agencies' budgets each year. As a result, Federal officers have seized hundreds of pieces of equipment that would have been shipped illegally to the Soviet Union, far more than were being intercepted before.

But there is uncertainty over the importance of those seizures. Considerable evidence suggests that, in the case of many seizures announced in Government news releases, dozens of similar

or identical pieces of equipment were successfully smuggled to the Eastern bloc.

Senator Jake Garn, the Utah Republican who is chairman of the Banking, Housing and Urban Affairs Committee, which is responsible for export control legislation, said: "I've thought for some time that the problem is far more serious than the seizures the Administration talks about. I have always wondered how much goes through that we never hear about."

A Bureaucratic War

Meanwhile, the enhanced export control program has caused a bitter, protracted and expensive bureaucratic turf war. Several Federal agencies competing for primacy in the export control program seem intent on outspending and outmanning the others, Congressional critics say.

And the disputes over jurisdiction contributed to a legislative deadlock that prevented Congress from passing

a new Export Administration Act, even though the old one expired more than eight months ago.

Now, exports are being controlled without an export control act; President Reagan issued an executive order last March, under different statutory authority, to keep the regulations in place. Without an act in force, a senior Congressional aide said, there is so much uncertainty over the program's legality that "I would be very surprised if there is not a frontal attack from an exporter during this period."

At the same time, a Senate subcommittee concluded in a recent report that the United States is now trying to restrict the export of so much equipment — nearly 300,000 items are on the export control list — that it is impossible to effectively control all of it.

Inside Suitcases and Pouches

Even if the list were shortened, much important technology is so small that it can be smuggled out of the country inside ordinary suitcases and diplomatic pouches. Roger R. Urbanski, who directs the strategic investigations division of the United States Customs Service, said, "There are real, practical problems with enforcing controls on items that can be carried in a handbag."

While Government officials in Washington argue over what technology ought to be controlled, numerous third-world nations are emerging as important sources of high technology, and Federal officials say many of them are eagerly selling the Russians much of the same equipment the United States is trying to control.

For those reasons and others, the American program has antagonized America's allies, who must agree on any effective export control program. In August, as an example, West Germany's Economics Minister, Martin Bangemann, publicly warned that his country "will not tolerate" further American proposals to restrict exports of high technology.

Effect on Sales and Research

The program has also angered many members of the American business and scientific communities, who say extensive Federal restrictions have cost them sales and hampered research. Even some Federal officials involved with the program argue that the Government's approach may be overzealous and could stifle the development of new technology.

Last year, summarizing the results of the Administration's export control program, President Reagan said: "We have significantly slowed the transfer of valuable free world technology to the Soviet Union."

But other Administration officials directly involved with the program say they are not sure that is true. John M. Walker Jr., an Assistant Treasury Secretary, and William T. Archey, an Acting Assistant Secretary of Commerce, both say they have concluded it is impossible to deprive the Russians of American technology, although the United States is making it more difficult for them to get it. Mr. Archey said, "If the ultimate objective is to stop the illegal flow, we are never going to achieve that objective."

When Richard N. Perle, the Assistant Secretary of Defense who is known as the Administration's foremost advocate of stringent export controls, was asked for the best evidence that the United States program had succeeded, he said that "we think we detect a rise in Soviet clandestine efforts" to acquire American technology. Mr. Walker said: "It's more difficult for them now. They have to commit crimes."

But neither Mr. Perle, Mr. Walker nor any other Federal official interviewed said he was confident that the export control program had actually stopped or significantly impeded the flow. Mr. Perle said only that "there is some intelligence indicating that the Soviets have a shortage of silicon, but the information is sketchy." Silicon is used in the manufacture of integrated circuits, the key component in computer technology.

Still, many Federal officials agree with Mr. Perle when he says, "We have gone from intercepting practically nothing to intercepting quite a lot as a direct result of making the effort."

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As an example, Federal officials cite the Vax computer case as the most significant recent seizure. "It was the biggest bust that was ever made," said Stephen D. Bryen, the Deputy Assistant Defense Secretary who supervises the department's export control program. But Federal officials acknowledge that the importance of even that seizure is open to question.

A year ago, West German authorities seized a Digital Equipment Company Vax 11-782 super minicomputer just minutes before it was to have been shipped to the Soviet Union.

In news conferences and numerous news releases, Federal officials pointed out that the computer had numerous military applications. Customs Commissioner William von Raab said the Vax was so sophisticated that the Russians should "certainly not" be allowed to obtain even one of them.

After the seizure, the Customs Service and its parent agency, the Treasury Department, put the computer on public display. Defense Secretary Caspar W. Weinberger and Treasury Secretary Donald T. Regan held a news conference at which Mr. Regan called the seizure "an espionage coup."

But neither Mr. Weinberger nor Mr. Regan said that the Russians had already acquired numerous Vax computers. "Dozens of Vaxes are missing," Mr. Perle acknowledged in a recent interview, "and we presume the Soviets have them." Another Pentagon official put the number at close to 50.

The Vax example is not an isolated case. In a report to Congress published early this year, Mr. Weinberger cited the seizure last December of a sophisticated seismograph and a laser system that were being shipped illegally to the Soviet Union. The seismograph "is used extensively by the U.S. Air Force in its nuclear detonation detection network," the report said, and one Treasury official said the case was important because "we stopped a laser from getting through."

Accused of Other Shipments

But Mr. Weinberger's report failed to note that the California company charged in the case is also accused of successfully exporting an additional 20 illegal shipments of sophisticated equipment to the Soviet Union, probably including seismographs and lasers. "That's right, we didn't stop the other lasers," the Treasury official said.

Throughout the last four decades, United States export policies have passed through polar phases. During the 1950's, Soviet leaders chafed at the extensive prohibitions. Nikita Khrushchev, the Soviet leader, complained that the United States would not even sell buttons. "Buttons can hold up a soldier's trousers," he quipped.

Then, in the détente years of the late 1960's and 1970's, the United States officially favored trade with the Soviet Union. During those years, Federal officials say, the Russians legally acquired a wide range of American technology.

Included were sophisticated computers complete with service contracts, industrial equipment and systems to manufacture integrated circuits.

The United States even helped the Soviet Union build its huge Kama River truck manufacturing plant.

American nonagricultural exports to the Soviet Union totaled \$819 million in 1976, compared with a projected total of about \$500 million for 1984.

Change of Policy in 1979

The export policy began to change in 1979, after the Russian intervention in Afghanistan. Officials in Washington ruefully observed that trucks from the Kama River plant had transported Soviet troops to the front.

As the export control program was revived under the Carter Administration and then strengthened significantly under President Reagan, American officials began to realize

that the job was not as simple as it had been years earlier. Its purpose is to deprive the Soviet Union of Western technology that can be used to improve its military capabilities. Today, however, thousands of items built for civilian use can be militarily useful, too.

William Root, who until last year was director of the State Department's Office of East-West Trade, said that "microchips that can be used in Soviet weapons systems can be found on the shelves of toy stores around the world."

As a result the United States tries to control a wide range of equipment that may not have immediate military applications. In addition to most computers, the control list includes certain types of tape recorders, oscilloscopes and airborne navigational equipment, as examples.

Among the items that can be sold to the Soviet Union without prior approval are certain agricultural and chemical-processing equipment; food processing supplies such as refrigerators and steam kettles; machine tools of low sophistication, such as riveting and punching machines, and rubber products, such as tires, transmission belts and carpet underlay pads.

Equipment Quickly Reshipped

As the number of products subject to controls has increased, so have the means the Russians use to circumvent the export control process. The most celebrated method has been to ship a controlled item first to a seemingly legitimate customer in a

friendly Western nation, a company that usually turns out to be a smuggler's front. From there, the equipment is quickly reshipped to the East. That is how the Vax computer seized last year was smuggled, and the technique has added a large and tangled new element to the export control program.

Not only must United States authorities monitor the shipment of sensitive equipment to the Soviet Union and its satellites, they must also be wary of shipments to every other nation of the world. But that is only where the new problems begin.

Enforcement officials say the Russians often buy controlled items, such as portable computers, in retail stores and then hide them in diplomats' suitcases. Smaller items, such as integrated circuits and computer software stored on floppy disks, are slipped into diplomatic pouches exempt from customs inspections. Written information is transmitted by satellite. Sometimes the Russians purchase controlled items in the United States, then examine and use them here.

Scientific Journals Read

The Russians also read hundreds of Western scientific journals and technical publications that include detailed articles about Western technology.

"Soviet agents can have a field day over here," said a senior Government official involved with export controls. For those reasons and others, America's allies are skeptical at best about the export control program. Many of them say it is senseless to try to control the sale of items that the Soviet Union can so easily obtain by other means. American officials counter that the Western nations ought to make it as difficult and expensive for the Soviet Union as they can, even if in the end the Russians do get what they want.

To coordinate the allies' export controls, most of the North Atlantic Treaty Organization nations, along with Japan, belong to an organization called the Coordinating Committee, or Cocom. But Cocom agreements do not come easily; virtually all the

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other members say the United States tries to control too much.

The Cocom members argued for five years before agreeing on how to control microcomputers. By the time agreement was reached, the computers they had agreed to control were approaching obsolescence. Even when the Cocom members do agree, some of them ignore the agreements and sell what they want anyway. "It's real hit and miss whether Cocom reviews the sale" of most items, said Mr. Bryen of the Defense Department.

International Disputes

There continue to be numerous and at times bitter international disputes over proposals to sell equipment to the Russians. The European nations usually favor the sales; the United States is almost always opposed.

Those disputes "do have a real cost in other areas of cooperation with our allies," said a senior Congressional aide. "It has poisoned our negotiating position on other issues."

But even if all the Cocom members spoke with the same voice, much of the world's sophisticated technology comes from countries that are not members of Cocom and generally do not adhere to Cocom agreements, including Brazil, South Korea, Singapore and Hong Kong.

"There is now a profusion of technology from countries we don't control," Mr. Archey of the Commerce Department said. "If the Soviets can get it on the open market around the world, why the hell are we trying to control it?"

Meanwhile, the American export control list continues to grow. Lionel H. Olmer, an Under Secretary of Commerce, has called it "bloated beyond all proportion." A senior State Department official said, "We need to sit down with a black Magic Marker and start striking things off."

'A Thoughtless Complaint'

But at the Defense Department, Mr. Perle called that "a thoughtless complaint."

The principal recommendation of a 1982 report by the Senate Investigations Subcommittee was that "the Government should control fewer items — but control them more effectively." The present system, the subcommittee found, "tries to control too much" so "Government ends up controlling too little."

In its new report, issued this fall, the subcommittee found that little had changed. Once again it concluded that "the U.S. system of export controls can be improved by reducing controls where possible." Under the present system, it added, "overly strict controls on American technology" will cause "U.S. technical preeminence to decline."

Dr. Richard D. DeLauer, who resigned as Under Secretary of Defense for Research and Engineering in November, told the Senate subcommittee: "To lock technology away for the purposes of protecting it, I think, is counterproductive. It will slowly disappear."

He added: "When you open the safe some years later, you will find that it is no longer there. It is dust."

Tomorrow: The debate on whether "technology leaks" are significant and how to deal with them.